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C O N F I D E N T I A L CARACAS 000423

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HQSOUTHCOM ALSO FOR POLAD

E.O. 12958: DECL: 02/28/2017
TAGS: [MARR](#) [MASS](#) [PGOV](#) [PM](#) [PREL](#) [VE](#)
SUBJECT: ACTION REQUEST: BRV QUERIES ON MILITARY
ACQUISITIONS

Classified By: Political Counselor Robert Downes,
Reasons 1.4 (b) and (d)

11. (C) This is an Action Request; See Paragraph 3, and action recommendation in Paragraph 5.

12. (C) BACKGROUND: In May 2006 the Department announced that the BRV was not fully cooperating with the global war on terrorism. As a result, the USG, through the Arms Export Control Policy, "suspended" all Foreign Military Sales cases to the Venezuelan Air Force (FAV), closed FAV's Military Acquisition Office (VMAO) in Miami, and placed a moratorium on all commercial training and contracts that required export licenses under the Policy. At the time of the closing the BRV had some items in the pipeline as well as material in the warehouse. The Director of Logistics for FAV Major General (MG) Jose Felix Caraballo Gomez faxed a January 27 request for information to MILGROUP concerning the status of FAV's purchases currently in the pipeline and regarding the removal of items in the VMAO.

13. (U) Post requests Department guidance on responding to the issues raised by the FAV in MG Gomez' fax. In particular, MG Gomez raises the following matters:

--The status of repaired and returned parts that are currently at repair facilities, including those in calibration at the Air Force Metrology and Calibration Program (AFMETCAL).

--The status of parts acquired and processed through VE-D-QCP that are now in the Bond Room of Tech Space Aero in Belgium.

--The status of parts ordered, processed through contracting, acquired, or ready for delivery in BV, BA, BB, BZ, BD status, among others. (Note: Post assumes Gomez is referring to back-ordered parts. End Note)

--The status of parts acquired and/or repaired that are currently in the VMAO awaiting export licenses.

--The status of discrepancy reports in process.

--The status of safety bulletins and technical orders.

--Will there be any cost associated with the cancellation, storage, or other transactions related to cases affected by the sanctions?

--FAV continues to require receipt of information from the Security Assistance Management Information System

(SAMIS), AFSAC Online, and Country Manager due to the fact that there remain active cases and requirements in process.

--FAV is required to recuperate a percentage of the funds credited to the holding accounts IQD and IQF that have extra funds.

--MG Gomez requests a meeting between VAF, State, and DoD interested parties to discuss the status of pending transactions, holding accounts, and items in the VMAO.

Embassy-Proposed Course of Action

¶4. (C) MG Gomez' fax presents a challenge for us, but one that we can deal with. To be sure, he's asking the right questions, and by asking them now, he probably thinks he is forcing us to act. In order to answer those questions, we collectively (BRV and USG) need to know what is in the warehouse and the pipeline. MG Gomez' note indicates that the FAV will compile an inventory of all the items they believe are included in these cases. Embassy suggests that the Department respond to MG Gomez' letter (or authorize us to do so), by asking him to expedite said detailed inventory, to include all items in storage in the United States or elsewhere and those items in the pipeline, through the Venezuelan Embassy in Washington. Our guess is that the FAV won't be able to do this. At that point, we can propose a meeting among FAV working-level contacts (two of whom have already applied for PCS visas to serve in the DAO at the BRV Embassy in Washington, apparently to clean this up), along with appropriate representatives from DOD and PM.

Ambassador's Recommendation

¶5. (C) We should conclude the VMAO drama as soon as possible. It is a net loser for the USG. To Venezuela, the rest of the world, and even inside the United States, retaining material already purchased by the BRV and offering no compensation will appear to be expropriation without compensation. Chavez would have a field day with the issue in light of our public comments on private sector expropriations. Our own Embassy warehouse might eventually be at risk. The longer this issue stretches out, the more damage we do to ourselves. As best as we can tell from here, there is no truly sensitive equipment in the VMAO, and little that could be classified as "lethal." I hope the policymakers will direct the lawyers to find an argument permitting the immediate export of everything in this warehouse that is not subject to absolute legal prohibition.

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